

PX200

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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 -----x
4)
5 SECURITIES AND EXCHANGE COMMISSION,)
6)
7 Plaintiff,) 19 Civ. 9439 (PKC)
8)
9 v.)
10)
11 TELEGRAM GROUP INC. and)
12 TON ISSUER INC.,)
13)
14 Defendants.)
15 -----x

16
17
18 CONFIDENTIAL
19 VIDEOTAPED DEPOSITION OF
20 SHYAM PAREKH
21 December 10, 2019

22
23
24 Taken at:
25 Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street
Canary Wharf
London, E14 5DS

Reported by:
AILSA WILLIAMS,
Certified Court Reporter
JOB No. 191210MWC

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1 foreign entities that had either been denied an
2 allocation or denied a request to reallocate, for
3 various reasons. We didn't ask you to identify
4 them by name because of potential foreign privacy
5 data concerns. I have spoken with counsel over
6 the break.

7 What I am going to ask you now is if you
8 look at Exhibit 2, see whether any of the names
9 that are identified -- any of the entities that
10 are identified by name here were among the
11 entities that either were denied an initial
12 allocation or a reallocation. Do you understand
13 my question?

14 A. I do. And you are happy for me to
15 cite the names of the entities?

16 MR. DRYLEWSKI: If they appear in this
17 document then you can say the names.

18 A. From memory, on page 4, [REDACTED]
19 had a conversation with me, asking about the
20 possibility to undertake transfer, and I have
21 explained the conditions under which that was
22 possible or not possible, and they dropped it at
23 that point because they didn't feel satisfied with
24 those conditions, presumably. [REDACTED]
25 [REDACTED]. We don't have page numbers.

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1 Q. No.

2 A. Similar discussion over the phone.
3 Similarly, they dropped it.

4 Q. Sorry, you said [REDACTED]?

5 A. [REDACTED], correct, [REDACTED]
6 [REDACTED]. [REDACTED], we are
7 currently in discussions with them, because they
8 appear to have -- it seems a somewhat complicated
9 situation, where the entity was acquired and then
10 subsequently dissolved. So we are trying to
11 ascertain the fact pattern to see whether that in
12 fact constituted a transfer, for which they needed
13 our permission. So we are currently undergoing
14 that work.

15 [REDACTED], they wanted to undertake an
16 assignment. They are however a sanctioned entity,
17 or one of their beneficiaries is a sanctioned
18 party, and as a result we are disputing the
19 validity of their assignment request.

20 Q. Okay.

21 A. Those are the ones off the top of my
22 head I recall.

23 Q. Putting aside [REDACTED], which you
24 indicated was a sanctioned entity, were any of the
25 requests for reallocation by those three entities

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1 the code, in order to sort of let those parties
2 speak bilaterally, to help answer technical
3 questions, because Telegram itself didn't have the
4 resources and the bandwidth to work with either
5 those exchanges or custodians.

6 Q. What efforts has Telegram undertaken
7 to sign up vendors who would accept Grams as a
8 form of payment for goods or services?

9 MR. DRYLEWSKI: Object to form.

10 A. I can't comment. I think you would
11 have to ask Ilya.

12 Q. Are you aware of any vendors who
13 have agreed as of today to accept Grams as a form
14 of payment for any goods or services?

15 A. I am not aware.

16 Q. Have you seen in the news, for
17 example, that certain law firms have agreed to
18 accept Bitcoin in payment of legal bills?

19 A. I actually have not seen that.

20 MR. DRYLEWSKI: It's not Skadden.

21 MR. McGRATH: That was my next question
22 and I don't think this requires the revealing of
23 any attorney/client communications, but counsel
24 will tell me otherwise. Has Skadden agreed to
25 accept Grams in payment for legal --

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1 Q. I will just get some water. What is
2 your basis for answering "yes" to that question?
3 How do you know that?

4 A. As you know, in early October, I
5 sent out a communication on behalf of Telegram to
6 all initial purchasers, essentially communicating
7 that we were ready to launch by the end of the
8 month, and setting out the procedures and the
9 process, in terms of how the distribution of Grams
10 would work mechanically and what steps the
11 investors needed to take.

12 Q. Understood. So your answer was that
13 you sent out communications to investors advising
14 them what you have just said. My question is how
15 did you know, what was the basis of your
16 information that the TON Blockchain was ready to
17 launch as of October 31, 2019, that formed the
18 communications that you sent? In other words, who
19 told you that or how did you know it?

20 A. Only the fact that we sent out this
21 official communication.

22 Q. Right. Did you draft that
23 communication?

24 A. No. I received the draft of the
25 communication and I may have made a few

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1 suggestions on wording changes, but the draft was
2 provided to me.

3 Q. By whom?

4 A. I believe the draft was provided by
5 Pavel.

6 Q. Did you have any communications with
7 Pavel, prior to that communication going out to
8 investors, as to whether or not in fact the TON
9 Blockchain was ready to launch as of October 31,
10 2019?

11 A. No.

12 Q. Or with anyone else at Telegram?

13 A. So I would have ongoing periodic
14 discussions with Ilya, who as I explained earlier
15 is my boss, and therefore he would keep me broadly
16 informed of the status of the project.

17 Q. Okay, but just focusing particularly
18 on the state of the Blockchain as of the date that
19 the SEC's complaint was filed in this case, which
20 just for your reference was October 11, 2019, did
21 you have any communications with Ilya regarding
22 the status of the Blockchain ecosystem ability to
23 launch as of that point in time?

24 A. Nothing that contradicted my
25 understanding that it was ready to go by the end

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1 of the month.

2 Q. Again, just for my understanding,
3 your understanding that it was ready to go at the
4 end of the month was based solely on the draft
5 communication that you had received from Pavel.
6 Is that fair to say?

7 MR. DRYLEWSKI: Objection to form,
8 mischaracterizes the testimony.

9 A. And, as I said, and plus the ongoing
10 interaction with Ilya, where in October and even
11 in September he had said we are on track for end
12 of October.

13 Q. I may get to some of these documents
14 later, but I may not, but it would be fair to say
15 that there were certain status reports that you
16 forwarded to investors during the course of 2018
17 and 2019, apprizing them of the state of
18 development of the TON Blockchain ecosystem?

19 A. Yes, that is correct.

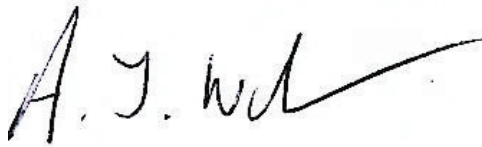
20 Q. As I recall, you would send an email
21 to investors and you would attach a status report
22 from time to time. Is that correct?

23 A. Some of the emails had attachments,
24 some didn't.

25 Q. Did you draft any of the status

CERTIFICATE OF COURT REPORTER

I, Ailsa Williams, an Accredited Realtime Reporter, hereby certify that Shyam Parekh was duly sworn, that I took the Stenographic notes of the foregoing deposition and that the transcript thereof is a true and accurate record transcribed to the best of my skill and ability. I further certify that I am neither counsel for, related to, nor employed by any of the parties to the action in which the deposition was taken, and that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

A handwritten signature in black ink, appearing to read "A. J. Williams", with a long horizontal stroke extending to the right.

Signed:

AILSA WILLIAMS